



# The President's Daily Brief

*6 June 1973*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

6 June 1973

PRINCIPAL DEVELOPMENTS

Peking's comments on Indochina this week stress economic development and compliance with the cease-fires and suggest that offers of aid are likely to be weighted on the civilian side. (Page 1)

Increased fighting may break out in South Vietnam in the next few days as both sides try to gain advantage in anticipation of a tightening of the cease-fire. (Page 2)



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The dollar staged a partial recovery late yesterday after falling to record lows. (Page 4)

Sino-Soviet frictions along the Far Eastern river boundaries have again risen with the spring thaw. (Page 5)



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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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June 6, 1973

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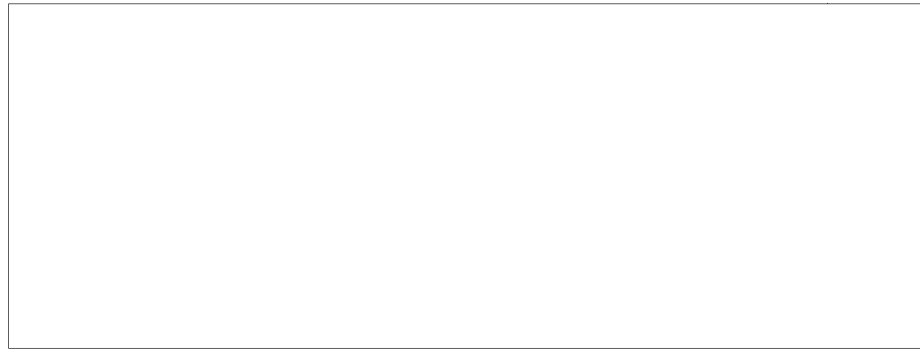
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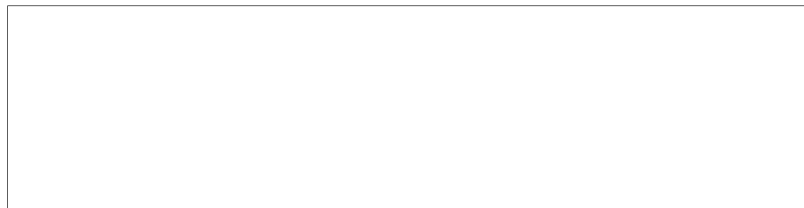
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## FOR THE PRESIDENT ONLY

### CHINA - NORTH VIETNAM

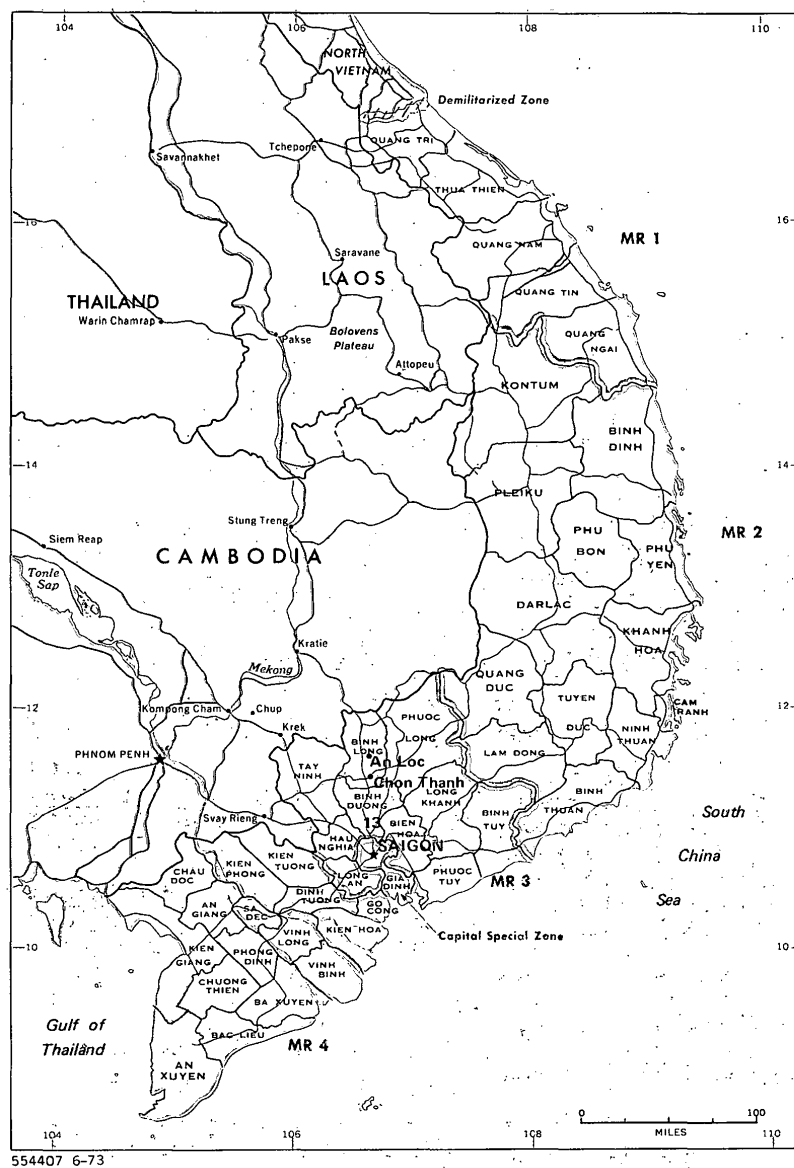
Chou En-lai's formal remarks at a banquet honoring Le Duan and Pham Van Dong suggest the general tack the Chinese are taking with their high-level North Vietnamese visitors.

Both his statement and a People's Daily editorial on Monday heavily stress Peking's view that the military phase of the struggles in Vietnam and Laos has ended. They reiterate the Chinese pledge to support North Vietnamese reconstruction and development. They also endorse Communist efforts "to bring about national concord" in South Vietnam and demand that Saigon and Washington comply with the cease-fire accords. The Chinese make much of their "solidarity" with North Vietnam, and the People's Daily editorial repeats the Chinese statement that "no force on earth can break this friendship."

*Peking's stress on economic development and compliance with the cease-fires suggests that Chinese offers of aid are likely to be weighted on the civilian side. There have been earlier signs that Peking was considering cutbacks in military assistance.*

*The Chinese statements also show sensitivity to North Vietnamese concern that Peking may have slighted Hanoi's interests in its dealings with Washington. No doubt the Chinese will privately reaffirm their expressions of friendship. They are also likely to remind the North Vietnamese, as their statements strongly imply, that Peking also has its own interests to tend and that these may not always mesh with Hanoi's.*

*Peking's statements are vague with respect to Cambodia, but they suggest this issue will be high on the agenda.*



*FOR THE PRESIDENT ONLY*

**SOUTH VIETNAM**

*Increased fighting may occur in some areas during the next few days as both sides jockey for position in anticipation of an announcement from Paris tightening the cease-fire agreement. Such fighting probably would be of limited duration and confined to a few strategic areas over which neither side has established clear lines of control.*

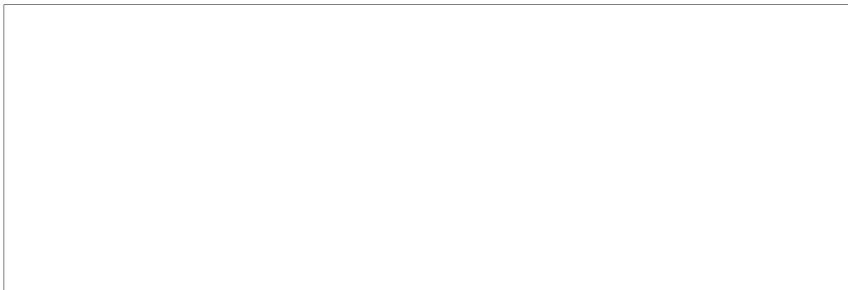
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South Vietnamese forces in the delta and western highlands already are at work trying to push Communist units out of key base areas. Another possible trouble spot could develop north of Saigon as a result of President Thieu's recent order to clear Route 13 from Chon Thanh to An Loc.

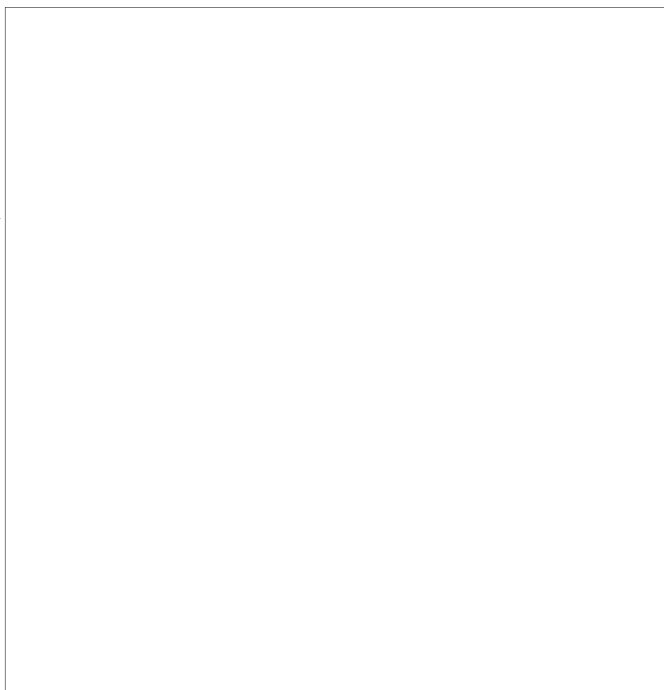


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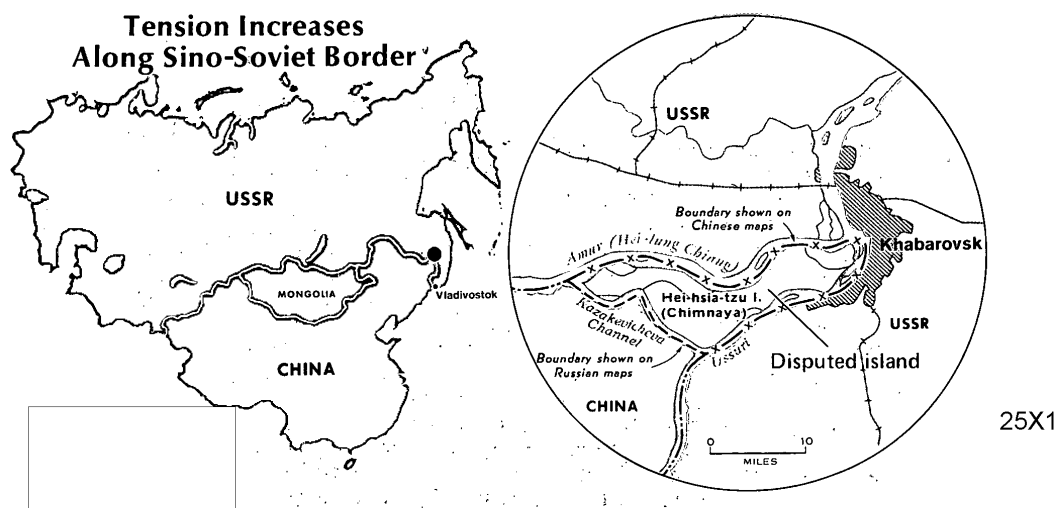
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INTERNATIONAL MONETARY DEVELOPMENTS

After falling to record lows in the Frankfurt, Zurich, and Brussels exchanges, the dollar staged a partial recovery late yesterday and closed only slightly below Monday's rates. Gold rose to a record level of \$127 in London before backing off to \$126, still up \$2.50 from Monday. As a consequence of the recent monetary flurry, Finland and South Africa have effectively revalued their currencies.

Despite the continuing depreciation of the dollar, there has been little central bank intervention. The high dollar demand in Japan, however, has forced Tokyo to resume its dollar sales in an effort to maintain the value of the yen.

*The sharp appreciation in the mark has upset the assumption of the February and March currency settlements that the yen would appreciate more than the German mark in relation to the dollar.*



*FOR THE PRESIDENT ONLY*

USSR-CHINA

Frictions over the Far Eastern river boundaries have again increased with this year's spring thaw. The sharpest dispute concerns the large Soviet-occupied island at the confluence of the Amur and Ussuri rivers which dominates the major Soviet city of Khabarovsk.

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Other sections of the long frontier are relatively quiet, although reports of occasional trouble continue. The Soviet paper Rural Life reported a shooting in the Pamirs that involved several casualties--only the second time since the open fighting in 1969 that Moscow has publicized a border incident.

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the impression from local residents that minor incidents, sometimes involving gunfire, occur about every seven to ten days.

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NOTES

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Malaysia-Philippines: Malaysian and Philippine negotiators have reached a preliminary understanding under which Manila will drop its claim to Sabah in return for a pledge by Malaysia and Indonesia to "render positive assistance" in ending the Philippine Muslim insurgency. Ratification may prove difficult, however. President Marcos may decide he cannot renounce the Sabah claim without losing face. For their part, the Malaysians still refuse to disavow the insurgents, claiming this would imply a link that does not exist.

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China-Pakistan:

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